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PERSONAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 5, 2002

Marlene H. Dortch, Secretary Federal Communications Commission 445 12th Street, S.W. Room TW-A325 Washington, D.C. 20554

Re: Ex Parte Presentation – re: Public Meeting on Proposals to Reform the Commission's Universal Service Contribution Methodology, CC Dkt Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

Dear Ms. Dortch,

The Ad Hoc Telecommunications Users Committee (Ad Hoc) hereby submits a written *ex parte* presentation in the above-referenced proceedings. In accordance with 47 C.F.R. § 1.1206(b), two copies of this filing have been submitted to the Secretary. This *ex parte* contains additional information and views regarding the practice of long distance carriers imposing on their customers surcharges that are higher than the factor that the Commission requires carriers to apply to interstate and international revenues to calculate their contributions to the Universal Service Fund.

In its comments and reply comments submitted on April 22 and May 13, 2002, respectively, in the above-referenced proceeding, Ad Hoc explained, *interalia*, that long distance carriers' variously labeled universal service charges violate the Commission's truth-in-billing requirements. Ad Hoc stated that,

[T]he Truth-in-Billing rules state that "Charges contained on telephone bills must be accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered." Similarly, in the *Universal Service Order*, the

Commission stated that, "[i]f contributors [to universal service] choose to pass through part of their contributions and to specify that fact on customer's bills, contributors must be careful to convey information ... that accurately describes the nature of the charge."

Consistent with these principles, neither uncollectibles nor administrative costs can, in an accurate and non-misleading fashion, be labeled "universal service fees." As noted in Ad Hoc's reply comments in this proceeding, because they represent no more than general "costs of doing business," administrative costs and uncollectibles are not sufficiently related to a carrier's universal service obligations to be labeled as such. In fact, by permitting carriers to denominate costs associated with bad debt and the administration of their universal service collection efforts as "universal service costs," the Commission is not providing any meaningful limitation on a carrier's ability to mark-up the FCCmandated contribution factor, and opens the door to carriers increasing this end-user charge in whatever manner they choose. Such limitless markups not only violate Section 201(b) and the Commission's Truth-in-Billing and Universal Service principles, they also besmirch the entire universal service program by making the program appear to be considerably more lavish than it actually is.1

Attached hereto as Attachments A, B, and C are pages printed from AT&T's Business Service Guide, Sprint's Schedule 8, and WorldCom's Service Guide, respectively. None of these Attachments "in a clear and in a non-misleading manner" advise customers that the long distance carriers' "universal connectivity charge," "carrier universal service charge," and "federal universal service fund" charge are marked-up above the Commission-prescribed USF factor. AT&T states that charges are to recover amounts that it directly or indirectly pays to or is required to collect to support statutory or regulatory programs, "plus associated administrative costs." AT&T's customers, if they rely on AT&T's Service Guide, are unaware of the extent to which AT&T marks-up the Commission-prescribed surcharge. Worse, Sprint's Schedule 8 does not even refer to administrative costs as justification for its marked-up Carrier Universal Service Charge. Nor does WorldCom's Service Guide. Thus, based

Ad Hoc Telecommunications Users Committee, Comments at 20-21, footnotes omitted.

on the information conveyed to customers in carrier publications, the entire charge assessed on customers is attributable to the Commission.

Also attached hereto as Attachment D are portions of carrier bills rendered to business customers, with information that identifies, or might identify, the customers redacted. As with the carrier service guides and schedules, nothing on the bills even hints at the fact that the carriers have substantially marked-up the Commission-prescribed USF surcharge.

The "clear and non-misleading" requirement in the Commission's Truth-in-Billing rules and policies demands more than merely using the label "universal service" to denominate charges that substantially exceed the Commission-prescribed contribution factor. The carriers have not explained that the Commission's surcharge is substantially lower than their charges, and thus have misled consumers into believing that the Universal Service Fund is "more lavish than it actually is." If the carriers wish to add an "administrative surcharge", they may seek to do so, but they must clearly label the nature of the charge. Alternatively, the carriers could, of course, seek to recover their administrative overhead in their service rates – as they do for the administrative costs associated with compliance with other governmental programs, e.g. OSHA and environmental requirements.

Against this background, Ad Hoc renews its request that the Commission, consistent with its Truth-in-Billing rules and policies regarding universal service support billing, prohibit carriers from denominating any amount in excess of the Commission-prescribed USF surcharge as a "universal service" charge.

Sincerely,

-Jámes S. Blaszak Stephen J. Rosen

Attorneys for the Ad Hoc Telecommunications Users Committee

Ad Hoc Telecommunications Users Committee Ex Parte Presentation – re: Public Meeting on Proposals to Reform the Commission's Universal Service Contribution Methodology, CC Dkt Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

Attachment A



Version: 10

General Terms and Conditions

PAYMENTS AND CHARGES

Regulatory Surcharges and Miscellaneous Charges

AT&T may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts that it, either directly or indirectly, pays to or is required by governmental or quasi-governmental authorities to collect from others to support statutory or regulatory programs, plus associated administrative costs. Examples of such programs include, but are not limited to, the Universal Service Fund, the Primary Interexchange Carrier Charge, and compensation to payphone service providers for the use of their payphones to access AT&T Service.

Universal Connectivity Charge

Services provided pursuant to this Service Guide (not including the exempt Services listed below) are subject to an undiscountable monthly Universal Connectivity Charge. The Universal Connectivity Charge is 9.6% of the Customer's total net interstate and international charges, after application of all applicable discounts and credits with respect to charges billed on or after July 1, 2002.

AT&T will waive the Universal Connectivity Charge with respect to specifically identified AT&T charges to the extent that the Customer demonstrates to AT&T's reasonable satisfaction that:

■ the Customer either, (a) has filed a Universal Service Worksheet with the Universal Service Administrator covering the twelfth month prior to the month for which the Customer seeks the waiver (i.e., to be eligible for a waiver in February 2001, the Customer must have filed a Universal Service Worksheet with the Universal Service Administrator covering February 2000), or (b) was not required to file a Universal Service Worksheet covering such period, either because it was not then providing telecommunications Services or because it was then subject to the FCC's de minimis exception to the FCC's filing requirement;



• the charges with respect to which the waiver is sought are for Services purchased by Customer for resale; and

the Customer either (a) will file a Universal Service Worksheet with the Universal Service Administrator in which the reported billed revenues will include all billed revenues associated with the Customer's resale of Services purchased from AT&T for the period during which the waiver is sought or (b) will not be required to file a Universal Service Worksheet covering such period, because it will be subject to the FCC's de minimis exception to the FCC's filing requirement.

The Universal Connectivity Charge will not be waived with respect to:

- charges for Services purchased by Customer for its own use as an end user; or
- charges for which the bill date is on, prior to, or within thirty days after, the date on which the Customer applies for a waiver with respect to those charges; or
- charges for Services resold by the Customer, if the Customer (or another provider that buys Services directly or indirectly from the Customer) is not subject to direct universal service contribution requirements.

The following are exempt Services, and are not subject to the Universal Connectivity Charge in this Service Guide:

AT&T SDN Direct World Connect Service, AT&T SDN OneNet NRA Overseas Expanded, AT&T UNIPLAN Service ORPOs Direct World Connect, AT&T Commercial Direct World Connect Service, and AT&T Business Network Direct Service, only for international calls that both originate and terminate in foreign points.

Texas Universal Service Fund (TUS) Charge

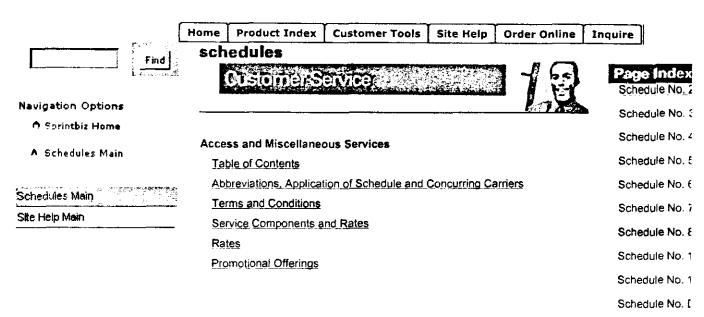
Services provided pursuant to this Service Guide are subject to an undiscountable monthly Texas Universal Service (TUS) Charge. Subject to billing system availability, the TUS Charge will be applied as a percentage of the Customer's total net interstate and international charges for calls that both originate and are billed within the state of Texas, after application of all applicable discounts and credits. Interstate and international charges are assessed the TUS Charge under order by the Public Utility Commission of Texas. The TUS Charge will be waived to the extent a Customer is exempt from payment of the Texas sales tax. Effective on January 1, 2001, the TUS Charge will be 3.6% of applicable charges.

Ad Hoc Telecommunications Users Committee *Ex Parte* Presentation – re: Public Meeting on Proposals to Reform the Commission's Universal Service Contribution Methodology, CC Dkt Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

Attachment B

Sprint. One Sprint Many Solutions.

Wireless | International | L









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2. <u>TERMS AND CONDITIONS</u> (Continued)

7. Payment of Charges

3. South Carolina Universal Service Charge

Services provided under this schedule are subject to an undiscountable monthly South Carolina Universal Service Charge. The charge is 2.13% of the total net interstate charges for calls that are both originated and billed within the state of South Carolina, after all applicable discounts and credits have been applied.

4. Carrier Universal Service Charge

In addition to all other rates in this tariff, effective February 1, 2002, business Customers will be assessed a Carrier Universal Service Charge ("CUSC") of 8.3% of all interstate and international retail charges (including usage, non-usage and Presubscribed Line Charge).

5. <u>Texas Universal Service Fund ("TUSF") Charge</u>

Services provided under this tariff are subject to an undiscountable monthly Texas Universal Service Fund ("TUSF") Charge. The TUSF Charge is 3.6 percent of the Customer's total net intrastate, interstate and international charges for calls that are both originated and billed within the state of Texas, after all applicable discounts and credits have been applied. Subject to billing system availability, the TUSF will be applied to applicable charges billed on or after April 1, 1999.

6. Reserved for Future Use

Issued: January 15, 2002 Effective: February 1, 2002

Ad Hoc Telecommunications Users Committee *Ex Parte* Presentation – re: Public Meeting on Proposals to Reform the Commission's Universal Service Contribution Methodology, CC Dkt Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

Attachment C

Global Home | About WorldCom | Products | Support | Resources | Contact Us



Publications

Carvice Guide

Products

Products Currently Available

> Product Packages Currently Available

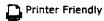
Other Products Available

Non-current Products

Overview

SCAs

What's New



Email This Page

PRODUCTS CURRENTLY AVAILABLE

General Information

- → Important Notice (25KB, .DOC)
- → General Definitions (38KB, .DOC)
- → General Terms and Conditions of Service (121KB, .DOC)

Products

- → WorldCom On-Net Voice Services (Options 1, 2, and 3) (35KB, .DOC) (previously found in MCI WorldCom Communications, Inc. Tariff FCC Nos. 1 and 6 a Technologies, Inc. Tariff FCC No. 1)
- → <u>Domestic Private Line Services</u> (93KB, .DOC) (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1 and Wo Services, Inc. Tariff FCC No. 4)
 - → Voice Grade Private Line (29KB, .DOC)
 - → DS0 (Digital Signal Level 0) (27KB, .DOC)
 - → Fractional DS1 (28KB, .DOC)
 - → DS1 (Digital Signal Level 1) (31KB, .DOC)
 - → DS3 Private Line Service (28KB, .DOC)
 - → <u>SONET</u> (27KB, .DOC)
 - → Offshore State and Territories Private Line Service (45KB, .DOC)
- → <u>Crossborder Private Line Services</u> (50KB, .DOC) (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1)
- → International Private Line Services
 (previously found in WorldCom International Data Communications, Inc. Tariff FCC and MCI WorldCom Communications, Inc. No. 11)
 - → Half Circuit
 - → Commercial (174KB, .DOC)
 - → Government (105KB, .DOC)
 - → Full Circuit (392KB, .DOC)
- Frame Relay (32KB, .DOC)
 (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1 and Wo Services, Inc. Tariff FCC Nos. 9 and 10)
- Audioconferencing (270KB, .DOC)
 (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1)

- → <u>Intelenet</u> (80KB, .DOC) (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 6 and Wo Technologies, Inc. Tariff FCC No. 1)
- → <u>WorldOne</u> (157KB, .DOC)
 (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 6 and Wo Technologies, Inc. Tariff FCC No. 1)
- → Puerto Rico Service (273KB, .DOC) (previously found in MCI International, Inc. Tariff FCC No. 1)
- → Guam Service (192KB, .DOC) (previously found in WorldCom International Data Services, Inc. Tariff FCC No. 9)

Promotions

- → Currently Offered Promotions (80KB, .DOC)
- → Expired Promotions (26KB, .DOC)

Other

- → Cellular Mobile Service (27KB, .DOC)
- → <u>Directory Assistance</u> (22KB, .DOC)
- → Operator Services (27KB, .DOC)
- → Support Services (27KB, .DOC)
- → WorldCom Fund (26KB, .DOC)
- → Miscellaneous Charges, Surcharges and Fees
 - → Carrier Access Charges (CAC) (21KB, .DOC)
 - → Federal Annual Regulatory Fee (FARF) (19KB, .DOC)
 - → Federal Universal Service Fund (FUSF) (20KB, .DOC)
 - → Payphone Use Surcharge (19KB, .DOC)

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FEDERAL UNIVERSAL SERVICE FUND (FUSF)

A charge equal to 9.1 percent of all the charges, excluding Taxes, appearing on a Customer's invoice will apply to telecommunications services subject to direct regulation by the Federal Communications Commission. A Customer will not be required to pay the FUSF if it demonstrates to the Company's reasonable satisfaction that it is acquiring the Company's services for resale, i.e., not for its own internal use, and is contributing directly into the government's Universal Service funding programs.

The FUSF will: (i) be calculated after the application of promotional and other discounts; (ii) not be eligible to receive promotional or any other discounts; (iii) not be included to determine satisfaction of usage volume requirements; (iv) be calculated based upon the rates and charges applicable to the Customer's total interstate and international usage, unless otherwise specified; (v) not apply to Taxes, tax-like, and/or tax-related surcharges as defined or described in the Publication; and (vi) not apply to calls using Telecommunications Relay Service (TRS) or to calls originated by certified Customers with hearing or speech impairments.



General Service Agreement For Small Business Customers

www.mci.com/sb/service_agreement

Effective Date - July 1, 2002

fraction of a cent, the fraction is rounded down to the nearest whole cent. The computed charge for Basic Interstate Dial 1 calls is rounded to the next highest full minute. If the computed charges for taxes and surcharges include a fraction of a cent, the fraction is rounded to the nearest whole cent.

11. Other Charges

a. Federal Universal Service Fee ("FUSF")

9.3% of all invoiced interstate and international charges, not including taxes.

b. Federal Excise Tax

3.0% of all invoiced interstate, intrastate, local toll, and international charges, not including certain taxes.

c. <u>Federal Excise Tax Surcharge related to air</u> travel awards

If the Customer receives airline miles, flight credits, or other air travel awards in relation to the Customer's Company account, then the Customer will receive this surcharge on its invoice, after the miles, flight credits, or other travel awards are posted to the Customer's airline account. The surcharge will not exceed \$0.0013 per mile or other air travel award earned; and the surcharge for flight credits will not exceed \$1.1000 per flight credit earned.

d. Local Telephone Company "Billing Option Fee"

The Company reserves the right to assess a fee if the Customer elects to receive the Company's charges within its local telephone bill (where the Company is not the Customer's local telephone provider), instead of receiving a bill for the Company's charges directly from the Company. Currently, upon notice from the Company, a Customer may be subject to a \$1.50 monthly fee if the Customer receives such a combined bill from the Customer's local telephone company. The fee will not apply toward the satisfaction of usage volume requirements and will not apply to blind and visually impaired Customers who request invoices in Braille or large print.

e. Payphone Use Charge

Charges for state-to-state calls that originate from any domestic payphone and are carried over the Company's network will include a \$0.28 charge. This charge will be in addition to applicable basic charges and surcharges.

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Attachment D

TO: LB3 01:60 20-t0 EBUM: Page Bill Account Payment Due Number - : Date Date: TaTA AT&T All in One Service Regulatory News Beginning with bills rendered on or after July 1, 2002 the Universal Connectivity Charge will be reduced from 10.6% to 9.6%. AT&T values your business and evaluates prices on a recurring basis. The terms, conditions and charges that apply to all your detariffed AT&T services can be viewed at the AT&T web site: http://www.att.com/business/agreement. Important limits of liability apply, including: AT&T is not liable for indirect or consequential damages (such as your lost profits or other economic loss) and direct damages during any 12 months cannot exceed one month of your payments for affected service. Additional terms, conditions, charges and price charge information for all detariffed business services can be viewed at http://www.att.ccm/serviceguide/business. Price changes will be posted at this AT&T web site before they apply to your bill. If you not have access to the Internet, please contact your AT&T Sales Representative or If you do Customer Care Center for information.

Account Number	Bill Close Date	ayment Due		
	6/30/02	7/31/02		



				
		REF #	والمراجع المراجع	
Regulatory Fees				
ITEM EXPLANATION	CHARGES			
TOTAL BILLED TO: 1 UNIVERSAL CONNECTIVITY CHARGE TOTAL LONG DISTANCE FEES: TOTAL BILLED TO:	59.06	\$ \$	39.06 59.06	
TOTAL REGULATORY FEES:		\$59.06		
axes and Surcharges				
ITEM EXPLANATION	CHARGES			
CHARGES BILLED TO: LONG DISTANCE 2 FEDERAL TAX 3 STATE TAX 4 TX INFRASTRUCT. FUND REIMB. 5 PROPERTY TAX ALLOTMENT 6 FEDERAL REGULATORY FEE 7 TX USF CHARGE 3.6% TOTAL LONG DISTANCE TAXES: TOTAL BILLED TO: TOTAL TAXES AND SURCHARGES:	25.83 53.81 10.14 8.35 2.30 29.20	\$13	29.63 29.63 29.63	
all Detail				
No Date Time Place	Area/Number Mins Call Type	Rate	Amount	
			16 16 10 11 16 14 16 14	



ACCOUNT NUMBER:

*********** Information About Your Service *************

The following rate changes will be effective September 1, 2002.

Due to Universal Service Fund (USF) commitments, effective September 1, 2002, USF charges will increase from 7.5% to 9.5% on all Cable & Wireless federally regulated interstate and international voice services. Cable & Wireless USF Charges remain 1% to 1.5% below our competitors. The FOC mandated the charges in 1886 to allow low-income and rural consumers the opportunity to access the Internat and to improve the quality of telecommunication services for eligible schools, libraries, and rural health care providers.

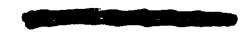
Effective September 1, 2002, Cable & Wireless will increase Switched and Dedicated Interstate rates by 5%. We remain competitively priced to give you maximum value for your telecommunications services.

Please contact our customer front office with any quest ons or comments.

Residential customers with any questions or comments should contact Customer Care at 1-888-398-9102 or email us at customer carePowesa.com.

Business customers with any questions or comments should contact Customer Care at 1-800-488-8888, or email us at customer carefoldusa.com.

We appreciate your business and the opportunity to be your telecommunications provider.



OP



ATTN: ACCT PYBL



THUOHA

TOTAL DOMESTIC USAGE CHARGES: TOTAL INTERNATIONAL USAGE CHARGES:

\$0.00 \$0.00

CARRIER UNIVERSAL SVC CHARGES:

\$0.00

GROSS CHARGES: X ON CUSC/CARRIER PROP TAX/REG FEE: USAGE TAX: NON-USAGE TAX:

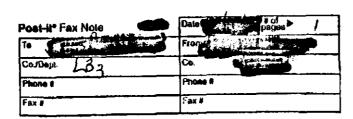
Accounting/Budgeting: Vendor Acci Co Cod RROD ACTIVITY Center

PLEASE REMIT PAYMENT TO: SPRINT

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** PLEASE RETURN THIS COPY WITH PAYMENT **

INQUIRIES REGARDING THIS INVOICE SHOULD BE DIRECTED TO THIS TOLL FREE NUMBER OF HON-CONTINENTAL UNITED STATES PLEASE FAX INQUIRIES TO



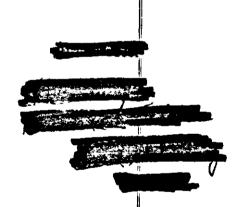
WORLDCOM .
MCI WORLDCOM Communications, Inc. (WorldCom)







THE WORLDCOM CUSTOMER CENTER OFFERS AN ARRAY OF ADVANTAGES AIMED AT MAKING YOUR WORK SIMPLER. LESS TIME CONSUMING, AND MORE CONVENIENT. WITH YOUR PERMANENT REGISTRATION, YOU MAY USE THIS PREMIER ONLINE RESOURCE TO MONITOR YOUR NETWORK IN REAL TIME; PROVISION, CONFIGURE AND MODIFY YOUR NETWORK RESOURCES; INITIATE AND TRACK THE STATUS OF TROUBLE TICKETS: ORDER PRODUCTS AND TRACK ORDER STATUS; AND COMMUNICATE WITH OUR SERVICE PROFESSIONALS VIA EMAIL. VISIT AS OUR GUEST AT HTTPS://CUSTOMERCENTER.WORLDCOM.COM, OR CONTACT YOUR ACCOUNT TEAM TO REGISTER PERMANENTLY. PLE ASE ALWAYS CHECK THE LAST PAGE OF YOUR INVOICE FOR IMPORTAN, MESSAGES.



Remittance Statement

JUNE 10, 2002

WORLDCOM...

INVOICE NO

PLEASE RETURN THIS FORM

WITH YOUR REMITTANCE

AMOUNT ENCLOSED:

06/10/05

WORLDCOM P.O. BOX 371355 PITTSBURGH,PA 15250-7355

FROM:

P09

Customer Number: de Sales City:

Invoice Number: 🚚 Invoice Date: Page Number:

INVOICE SUMMARY

Charge Description	InterOffice Channel	Local Loop	Access Coordination	Central Office Connection	*CPE & Other Recurring Charges	Install & Nonrecurring Charges		Prior Period Charges & Credits	Taxes	Total Charges
DEDICATED-ACCESS				•	ŧ					
	.00	2,488.52	.00	ş.,		.00	-109, 12	.00	405.20	
DS1 DED.ACCESS SUBTOTAL	.00	2,496.52		. 00 . 00			-109.12	.00	406.28	2,794.69 2,794.69
CURRENT CHARGES SUBTOTAL	.60	2,498.52	.00	.00	.00	.00	-100.12	.00	405.29	2,794.66
TOTAL PREVIOUS BALANCE										.00
AMOUNT DUE AND PAYABLE U	ON RECEIPT									2,794.88
Federal Excise Tax					24.	_				
State & Local Taxes Federal, State & Local Surchs	tnee				60. 41.	_				
Federal Universal Service Federal					217.					
TX Tel Intrastructure Fund Re	imbursement				13.	_				
Texas Universal Service					38.	57		•		